



### Ohio Farm Household Off Farm Employment

This report is part of a continuing series of communications reporting results of the Ohio Farm Household Longitudinal Study. In each of the past three years, about 900 farm households, statistically representative of all households operating farms in Ohio, have provided information about their households and farm businesses. This report focuses on off farm employment of farm operators and their spouses in 1988.

Farm households, on the average, earn most of their household income from non-farm sources. In fact in 1986-88, about 75 percent of farm household income came from off the farm. However, averages can be deceiving. For commercial farms, or those with annual gross sales of \$100,000 or more, only about 25 percent of household income comes from non-farm sources.

Non-farm income sources are varied and include (a) jobs held by operators, spouses, and children, (b) small businesses such as seed dealerships and machinery repair shops, (c) social security benefits and retirement funds, (d) interest and dividends, and (e) property owned off the farm. Off farm employment of operators and spouses accounts for a high proportion (about 60 percent) of this non-farm income.

A summary of the findings reported here are that (a) off farm jobs provide earnings to operators and spouses at hourly rates of \$14.35 and \$9.70, respectively, (b) these earnings are comparable to those received by the Ohio labor force, (c) about one-half of the operators and spouses work off the farm, but most of the commercial farm operators are fully employed on the farm, (d) the most important industries for these off farm workers are manufacturing

and services, (e) the predominant jobs held by farm operators in these industries are in production, transportation, management and construction, and (f) the predominant jobs held by spouses are clerks, teachers, nurses, and service workers.

### Off Farm Employment of Farm Operators and Spouses

Nearly one-half of the farm operators in the study did some off farm work in 1988, and almost as many spouses participated in off farm work as did operators (Table 1). On smaller farms, operators are likely to view the farm as a supplementary source of household income, at best. For example, on farms with less than \$40,000 annual gross sales, average net farm income is negligible. The farm might be better termed a rural residence, off-farm income supporting not only the household, but often the farm as well.

On large farms (over \$100,000) operators view the farm as the primary source of household income, and they are fully employed in generating sufficient net farm income to support the household. However, their spouses supplement household income with off farm jobs, and about the same proportion of spouses work off the farm as do spouses on smaller farms (Table 1).

Operators working off the farm in either part time or full time jobs earned an average of \$14.35 per hour, and spouses averaged \$9.70 per hour. Spouses more often were part-time or had less years on the job, perhaps reflecting the demands of their household activities. In addition, most jobs provided employment benefits such as medical and life insurance, paid

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vacation, sick leave, disability insurance, and retirement plan contributions. These benefits were in addition to the average hourly earnings. These wage rates were comparable to those paid to all Ohio workers. Thus, it appears that farm operators were fully integrated into labor markets and worked in reasonably well paying jobs in 1988.

### Where They Work

The survey asked farm operators where they and their spouses worked. Using the Standard Industrial Classifications (SIC), employers were placed into eight industry categories (Table 2). By far the most important industry was manufacturing, employing over one-third of the surveyed farm operators. The majority of spouses and one-fifth of the operators worked in service industries. Note that Table 2 records where they worked not what jobs they have. Jobs in each category might range from night watchman to president.

It is interesting to note that spouses received less than their husbands in every industry. Spouses' lower wages were not due to employment in lower paying industries. Discrimination may or may not have existed. Perhaps spouses worked less or were in and out of the job market and developed less seniority. Whatever the cause, farm operators working off the farm brought home about \$10,000 more than their spouses in 1988 (Table 1).

### What They Do

A sharper focus on off farm jobs is gained by looking at survey participants' job titles, which are based on a Standard Occupational Classification (SOC). Whereas Table 2 represents where they worked, Table 3 records what they did. When we see that many operators are "production and manufacturing" or "transportation," it is easy to imagine that they worked at factories like DuPont or Honda or drove trucks or school buses. They also were "managers and administrators" and "construction," which might mean store manager or production line supervisor or working with a contractor in housing construction.

Spouses frequently were "clerical," such as secretaries and bookkeepers, or were teachers. They also worked in health-related occupations such as nursing. Wage rates were lower for spouses in each job classification (Table 3), as they were in each industry (Table 2).

So again the cause of spouses' lower pay is unknown. It might be some combination of job switching, lower seniority, or discrimination. It does not appear to be related to educational differences. Spouses (more than operators) appeared to work in occupations with stiffer educational requirements (Table 3).

### Summary

Farm operators and their spouses worked in off farm jobs to provide household income. In some cases, especially on smaller farms, households were supported by off-farm jobs and had country homes where they farmed on a small scale. Although these hardly fit the image that most have of farm operators, they do account for the majority of Ohio farm households. But even on large farms, off farm jobs were important. On commercial farms, operators looked to their own businesses to provide full time employment, but their spouses were as likely to take off farm jobs as spouses in other families.

Most farm households, regardless of the size of farm they operated, were affected directly by the off farm employment opportunities in their local community. Generally, farm families were well integrated in labor markets and were affected by business cycles as well as by conditions in the farm economy.

Table 1. Off-farm Employment of Farm Operators and Spouses.

	Operators	Spouses
Percent Employed in Off-farm Jobs		
All farms	47.8	45.0
By Annual Gross Sales from Farm		
Less than \$40,000	58.2%	43.8%
\$40,000 - \$99,999	41.5	50.0
\$100,000 or more	16.6	43.5
In Primary Off-farm Job of Those Working		
Annual Pre-tax Earnings	\$23,540	\$13,026
Annual Hours Worked	1,640	1,340
Earnings Per Hour	\$14.35	\$9.70

**Table 2. Industry Where Employed: Off-farm Employment Earnings of Farm Operators and Spouses, by Industry (Standard Industrial Classifications), 1988.<sup>a</sup>**

INDUSTRY	<u>Operators</u>		<u>Spouses</u>	
	Percent Working Here	Annual Pre-Tax Earnings	Percent Working Here	Annual Pre-Tax Earnings
	(%)	(\$)	(%)	(\$)
Agriculture and Mining	9.7	19,470	5.1	9,129
Construction	8.4	22,596	0.8	19,890
Manufacturing	36.1	29,765	9.3	12,067
Transportation	9.7	25,423	5.6	15,797
Wholesale/Retail	3.0	13,111	9.3	5,810
Finance	4.3	16,684	6.5	11,764
Services	19.1	22,756	58.6	14,240
Public Administration	<u>9.7</u>	<u>11,196</u>	<u>4.8</u>	<u>15,400</u>
	100.0	23,540	100.0	13,020

<sup>a</sup>Standard Industrial Classifications developed by the U.S. Office of Management and Budget.

**Table 3. Job Title: Off-farm Employment Earnings of Farm Operators and Spouses, by Job Title (Standard Occupational Classification), 1988.<sup>a</sup>**

JOB TITLE	<u>Operators</u>		<u>Spouses</u>	
	Percent Working Here	Annual Pre-Tax Earnings	Percent Working Here	Annual Pre-Tax Earnings
	(%)	(\$)	(%)	(\$)
Manager & Administrator	11.9	26,610	4.5	14,467
Scientist & Engineer	2.3	44,470	0.6	na
Teacher, Librarian	8.3	31,504	18.9	19,895
Health related	0.3	na	13.3	17,212
Technician	1.6	na	3.4	12,404
Sales	3.6	17,773	4.5	9,037
Clerical	6.3	15,505	31.2	10,797
Service	3.0	13,426	12.5	6,935
Ag. & Forestry workers	4.3	8,654	1.4	na
Construction	11.3	22,896	0.3	na
Transportation	13.9	15,311	3.4	5,583
Mechanics	6.6	25,359	0.3	na
Production & Manufacturing	26.2	26,416	4.5	15,668
Other	<u>0.4</u>	<u>na</u>	<u>0.6</u>	<u>na</u>
	100.0	23,540	100.0	13,026

<sup>a</sup>Standard Occupational Classification prepared by the U.S. Department of Commerce.

Ohio Farm Household Longitudinal Study  
Department of Ag. Econ. & Rural Sociology  
The Ohio State University  
2120 Fyffe Road, Room 331  
Columbus, Ohio 43210-1099

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